



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
INSTALLATIONS AND ENVIRONMENT
110 ARMY PENTAGON
WASHINGTON DC 20310-0110

JAN 31 2005

The Honorable Duncan Hunter
Chairman
Committee on Armed Services
United States House of Representatives
Washington, DC 20515-6035

Dear Mr. Chairman:

This is in response to the requirement in Senate Report #108-260 of the Fiscal Year 2005 National Defense Authorization Act concerning Central Management of Installations.

The enclosed report addresses the five areas described on page 442 of the Senate Report.

Sincerely,

A handwritten signature in black ink, reading "Geoffrey G. Prosch", is positioned above the printed name.

Geoffrey G. Prosch
Principal Deputy Assistant Secretary of the Army
(Installations and Environment)

Enclosure

cc: The Honorable Ike Skelton
Ranking Member



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Report to Congress

Central Management of Installations

Background: The following is an excerpt from page 441, **Items of Special Interest, Senate Report 108-260, National Defense Authorization Act for Fiscal Year 2005, Committee on Armed Services, May 11, 2004**

Central management of installations

In October 2002, the Secretary of the Army activated the Installation Management Agency (IMA) within the Department of the Army to be solely responsible for management of all Army Active and Reserve installations worldwide. The goal of the program was to ensure a standard and equitable delivery of services and resources to each installation, while reducing overhead costs and redundant installation support activities. The IMA is charged with establishing facility base operations support requirements, advocating for resources within the Department of the Army, and funding facility projects and base operations support accounts annually to satisfy requirements. The Secretary of the Navy established a similar organization under the Commander, Navy Installations (CNI), in October 2003.

The committee is concerned that the process for resource allocation by these centrally managed agencies is continuing to result in chronic under funding of facility sustainment and base operating accounts. The ability of installation commanders to respond to urgent mission and facility requirements by quickly reallocating funds at the installation level has been curtailed in favor of a centrally managed decision making process. Installations that require a higher degree of resource allocation due to their unique mission, such as the U.S. Military Academy and the U.S. Naval Academy, are now competing for resources with dissimilar installations.

Therefore, the committee directs the Secretaries of the Army and Navy, each to submit a report to the committee by February 1, 2005 that describes:

- 1) The resource allocation and prioritization process for disbursement of funds to each installation;
- 2) The consideration of the impact of an installation's mission to each service's overall mission;
- 3) The consideration given to the facility and base operating support requirements for installations with unique missions or substantially greater requirements;
- 4) The authority granted to installation commanders to quickly reallocate local funds to carry out urgent facility and installation support requirements;
- 5) A comparison and assessment by each major installation of the amount obligated for base operating support and facility sustainment accounts in fiscal years 2003 and 2004.

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1. THE RESOURCE ALLOCATION AND PRIORITIZATION PROCESS FOR DISBURSEMENT OF FUNDS TO EACH INSTALLATION

The programming and budgeting development did not change for the Army. The output from various models provides the baseline for Army validated Base Support requirements that compete with other requirements toward balanced and executable programs that comprise the President's Budget.

The process for resource prioritization and allocation is a combination of model driven requirements based on installation population and facilities data, prior budget execution and corporate assessments adjusting for installation and mission support specific requirements.

The primary models for the development of requirements are the DoD Facilities Sustainment Model (FSM) for the sustainment portion of facilities Sustainment, Restoration, and Modernization (SRM) and the Army Installation Management – Headquarters Information (AIM-HI) model for Base Operations Support (BOS). The FSM develops annualized estimates for funds needed to maintain each type of infrastructure at an installation based on specific characteristics such as facility classification, major components within the facility, and installation location over the facility life cycle using the projected Real Property Inventory. The projected inventory makes adjustments for approved new construction projects, anticipated disposals, and any known mission realignments. These annualized total life cycle costs and the associated cost factors are updated annually based on industry data. The resulting annual facility sustainment dollar requirements are identified at the facility classification level for each installation.

The Army's AIM-HI model develops estimates of requirements for BOS services based on a variety of variables including population, actual costs incurred in the performance of services, size, and dollars required to accomplish the total requirement. Functional representatives from across the Army Staff review the output of the models. The Deputy Assistant Secretary of the Army for Cost and Economics provides cost factors for the Army supply adjustments based on known changes that would affect costs, such as new construction, changes in missions, or implementation of new programs.

After submission of the annual appropriation request and prior to execution of the resultant appropriations, the IMA, in its role as an executing agency, again reviews the garrison requirements data. This provides another opportunity to review the requirements in light of possible changes in installation mission since the data were developed for the budget. IMA also considers unique mission support requirements and recent budget execution history when establishing the allocation of appropriated funds to installations. This is an iterative process that requires the involvement of IMA headquarters, IMA regions, and garrison leaders, working together to achieve equitable distribution of funds that meets mission support requirements across Army installations.

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In addition to monitoring execution of funds throughout the year, IMA conducts a formal mid-year review and adjustment. During this review, mission and Garrison Commanders review their available funding and reassess what must be accomplished both from a mission and a Base Support perspective. This reassessment is performed at levels from installation up the chain of command to Army leadership and realignments are made as deemed necessary.

At the end of the fiscal year, Base Support requirements are identified and ranked in a process similar to the mid-year review. Final adjustments are made, if needed, and projects are executed as funding becomes available.

2. THE CONSIDERATION OF THE IMPACT OF AN INSTALLATION'S MISSION TO EACH SERVICE'S OVERALL MISSION

First and foremost, Headquarters Department of the Army (HQDA) and IMA have ensured that lines of communication are wide open among mission commanders, IMA, and HQDA. The core mission for IMA is to provide sustained Base Support to mission units assigned to the garrison. The IMA senior leadership responds to multiple communications from senior mission commanders on any given day. HQDA and IMA also hold multiple routine Installation Management Board of Directors and Executive Committee Meetings as well as video teleconferences with senior Army commanders to ensure appropriate consideration is given to installation missions in concert with overall Army priorities. IMA's current top priority, consistent with that of HQDA, is to support the Global War on Terrorism (GWOT).

3. THE CONSIDERATION GIVEN TO THE FACILITY AND BASE OPERATING SUPPORT REQUIREMENTS FOR INSTALLATIONS WITH UNIQUE MISSIONS OR SUBSTANTIALLY GREATER REQUIREMENTS

Differences between installations occur from many factors including supported missions, installation location, and condition of the services at the garrison. Specific consideration is given to select installations

For example, the Competitive Sustainment Level (CSL) was developed for the U.S. Military Academy (USMA) so that USMA facilities will be on a comparable basis with other colleges and universities. Funding for the Garrison, West Point, has been increased due to consideration of the CSL requirements.

Another example is Fort Greely, Alaska. Fort Greely was previously planned for realignment during the BRAC process but is being retained for use by Space and Missile Defense Command. Funding requirements have been identified for this unique mission.

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4. THE AUTHORITY GRANTED TO INSTALLATION COMMANDERS TO QUICKLY REALLOCATE LOCAL FUNDS TO CARRY OUT URGENT FACILITY AND INSTALLATION SUPPORT REQUIREMENTS

Installation Commanders continue to set priorities and issue guidance to Garrison Commanders in carrying out urgent facility and installation support requirements and rate Garrison Commanders' performance as before the creation of IMA. Installation Commanders no longer directly control facility and installation support funds. IMA Garrison Commanders execute base support funds control responsibility in accordance with Installation Commanders' priorities and IMA fiscal and policy guidance.

Garrison Commanders have flexibility within prescribed limits to quickly realign garrison funds and IMA has similar flexibility to move funds among garrisons to meet critical mission support needs. In fiscal year 2004, garrisons were restricted from reprogramming environmental and force protection funds in accordance with Army priorities.

5. A COMPARISON AND ASSESSMENT BY EACH MAJOR INSTALLATION OF THE AMOUNT OBLIGATED FOR BASE OPERATING SUPPORT AND FACILITY SUSTAINMENT ACCOUNTS IN FISCAL YEARS 2003 AND 2004

It should be noted that a complete comparison and assessment of fiscal year 2003 versus fiscal year 2004 cannot be performed as the method of distribution of funds varied during these two years. Fiscal year 2003 was the last year that funds were distributed and was managed by the various Major Commands (MACOM). Fiscal year 2004 was the first year in which distribution was managed by the IMA. As noted in Paragraph 1 of this report resource prioritization and allocation is a combination of factors: model driven requirements, prior budget execution, and corporate assessments adjusting for installation and mission support specific requirements. The creation of the IMA will ensure an equitable allocation of resources to Army Active and Army Reserve installations worldwide from this point forward. Data that following indicates the dollars executed during fiscal year 2003 and fiscal year 2004 for the base operating support and facility sustainment accounts. Please note fiscal year 2003 data is distorted as each MACOM had differing rules on GWOT funding provided which can not be adequately filtered out of expenditures.

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JVA GARRISON BOS & SRM EXECUTION FY03/04		OMA (\$ in thousands)		OMAR (\$ in thousands)	
Garrison	Program	FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
NERO		\$ 1,121,493	\$ 1,060,463	\$ 45,105	\$ 31,610
	BOS	\$ 908,769	\$ 877,865	\$ 23,713	\$ 12,155
	SRM	\$ 212,724	\$ 182,598	\$ 21,392	\$ 19,455
Joint Personal Property Shipping Office		\$ 4,200	\$ 4,302		
	BOS	\$ 4,200	\$ 4,302		
National Capital Region		\$ -	\$ 14,319		
	BOS		\$ 14,319		
Northeast Region Centrally Managed Programs (109)		\$ -	\$ 9,980		
	BOS		\$ 9,980		
USAG Aberdeen Proving Grounds (E01)		\$ 161,388	\$ 151,051		
	BOS	\$ 128,169	\$ 130,779		
	SRM	\$ 33,219	\$ 20,272		
USAG Adelphi (EXX)		\$ 49,894	\$ 32,995		
	BOS	\$ 41,701	\$ 29,834		
	SRM	\$ 8,193	\$ 3,161		
USAG Carlisle Barracks (E02)		\$ 19,462	\$ 16,761		
	BOS	\$ 17,688	\$ 15,129		
	SRM	\$ 1,774	\$ 1,632		
USAG Fort A P Hill (E14)		\$ 22,291	\$ 23,073		
	BOS	\$ 18,439	\$ 20,515		
	SRM	\$ 3,852	\$ 2,558		
USAG Fort Belvoir (E13)		\$ 77,547	\$ 82,620		
	BOS	\$ 64,370	\$ 66,117		
	SRM	\$ 13,177	\$ 16,503		
USAG Fort Dix (R01)		\$ 6,307	\$ 7,355	\$ 45,105	\$ 31,610
	BOS	\$ 6,307	\$ 7,355	\$ 23,713	\$ 12,155
	SRM	\$ -	\$ -	\$ 21,392	\$ 19,455
USAG Fort Drum (E04)		\$ 96,437	\$ 97,233		
	BOS	\$ 82,027	\$ 77,432		
	SRM	\$ 14,410	\$ 19,801		
USAG Fort Eustis (E05)		\$ 81,565	\$ 74,674		
	BOS	\$ 61,990	\$ 60,447		
	SRM	\$ 19,575	\$ 14,227		

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		OMAS (in thousands)		OMAR (in thousands)	
Garrison	Program	FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
USAG Fort Hamilton (E16)		\$ 26,341	\$ 20,380		
	BOS	\$ 19,609	\$ 15,506		
	SRM	\$ 6,732	\$ 4,874		
USAG Fort Lee (E06)		\$ 72,741	\$ 73,615		
	BOS	\$ 60,352	\$ 62,627		
	SRM	\$ 12,389	\$ 10,988		
USAG Fort Meade (E15)		\$ 71,681	\$ 63,596		
	BOS	\$ 58,894	\$ 53,884		
	SRM	\$ 12,787	\$ 9,711		
USAG Fort Monmouth (E07)		\$ 66,258	\$ 74,691		
	BOS	\$ 57,145	\$ 62,863		
	SRM	\$ 9,113	\$ 11,828		
USAG Fort Monroe (E08)		\$ 38,181	\$ 28,557		
	BOS	\$ 29,618	\$ 21,939		
	SRM	\$ 8,563	\$ 4,618		
USAG Fort Myer (E17)		\$ 67,213	\$ 48,367		
	BOS	\$ 54,295	\$ 43,270		
	SRM	\$ 12,918	\$ 5,097		
USAG Natick (E09)		\$ 20,237	\$ 43,688		
	BOS	\$ 17,923	\$ 41,337		
	SRM	\$ 2,314	\$ 2,361		
USAG Picatinny (E10)		\$ 83,134	\$ 62,361		
	BOS	\$ 73,102	\$ 51,709		
	SRM	\$ 10,032	\$ 10,652		
USAG West Point (E12)		\$ 156,616	\$ 132,836		
	BOS	\$ 112,940	\$ 88,521		
	SRM	\$ 43,676	\$ 44,315		
SERO		\$ 1,206,442	\$ 1,260,975		
	BOS	\$ 1,003,279	\$ 1,014,028		
	SRM	\$ 203,163	\$ 246,947		
Southeast Region Centrally Managed Programs (110)		\$ -	\$ 1,796		
	BOS		\$ 1,796		

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Carrollson	Program	OMAR(\$ in thousands)		OMAR(\$ in thousands)	
		FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
USAG Fort Benning (S01)		\$ 178,963	\$ 165,363		
	BOS	\$ 155,700	\$ 129,978		
	SRM	\$ 23,263	\$ 35,385		
USAG Fort Bragg (S02)		\$ 170,812	\$ 221,077		
	BOS	\$ 139,068	\$ 164,162		
	SRM	\$ 31,744	\$ 56,915		
USAG Fort Buchanan (S03)		\$ 47,339	\$ 41,183		
	BOS	\$ 42,309	\$ 37,053		
	SRM	\$ 5,030	\$ 4,110		
USAG Fort Campbell (S04)		\$ 125,934	\$ 141,900		
	BOS	\$ 100,234	\$ 111,446		
	SRM	\$ 25,700	\$ 30,454		
USAG Fort Gordon (S05)		\$ 80,677	\$ 80,246		
	BOS	\$ 65,574	\$ 63,123		
	SRM	\$ 15,103	\$ 17,123		
USAG Fort Jackson (S06)		\$ 92,268	\$ 99,682		
	BOS	\$ 80,048	\$ 83,423		
	SRM	\$ 12,210	\$ 16,259		
USAG Fort Knox (S07)		\$ 112,925	\$ 113,236		
	BOS	\$ 91,680	\$ 85,476		
	SRM	\$ 21,245	\$ 27,760		
USAG Fort McPherson (S08)		\$ 58,911	\$ 59,552		
	BOS	\$ 49,555	\$ 51,691		
	SRM	\$ 9,356	\$ 7,861		
USAG Fort Rucker (S11)		\$ 79,556	\$ 71,245		
	BOS	\$ 68,066	\$ 61,102		
	SRM	\$ 11,490	\$ 10,143		
USAG Fort Stewart (S12)		\$ 113,436	\$ 126,731		
	BOS	\$ 91,325	\$ 103,319		
	SRM	\$ 22,111	\$ 23,412		
USAG Miami (S09)		\$ 18,530	\$ 15,806		
	BOS	\$ 18,530	\$ 15,806		

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		TOMA (\$ in thousands)		OMAR (\$ in thousands)	
Garrison	Program	FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
SWRO		\$ 921,598	\$ 887,115		
	BOS	\$ 729,116	\$ 694,914		
	SRM	\$ 192,482	\$ 192,201		
Southwest Region Centrally Managed Programs (112)		\$ -	\$ 3,150		
	BOS		\$ 3,150		
USAG Fort Bliss (T01)		\$ 115,832	\$ 101,437		
	BOS	\$ 88,423	\$ 67,974		
	SRM	\$ 26,909	\$ 33,463		
USAG Fort Hood (T02)		\$ 157,864	\$ 179,993		
	BOS	\$ 128,784	\$ 148,523		
	SRM	\$ 29,080	\$ 31,470		
USAG Fort Huachuca (T03)		\$ 63,956	\$ 66,568		
	BOS	\$ 55,837	\$ 54,763		
	SRM	\$ 8,119	\$ 11,805		
USAG Fort Irwin (T04)		\$ 87,251	\$ 79,110		
	BOS	\$ 71,186	\$ 66,555		
	SRM	\$ 16,065	\$ 12,555		
USAG Fort Polk (T05)		\$ 111,864	\$ 99,635		
	BOS	\$ 84,832	\$ 75,620		
	SRM	\$ 27,032	\$ 24,015		
USAG Fort Sam Houston (T07)		\$ 89,138	\$ 98,876		
	BOS	\$ 73,534	\$ 84,977		
	SRM	\$ 15,604	\$ 13,899		
USAG Fort Sill (T08)		\$ 95,577	\$ 95,133		
	BOS	\$ 72,911	\$ 71,498		
	SRM	\$ 22,666	\$ 23,635		
USAG Presidio of Monterey (T06)		\$ 46,498	\$ 41,414		
	BOS	\$ 41,485	\$ 34,369		
	SRM	\$ 5,013	\$ 7,045		
USAG White Sands (T09)		\$ 114,693	\$ 90,158		
	BOS	\$ 82,984	\$ 64,214		
	SRM	\$ 31,709	\$ 25,942		

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		QMA (\$ in thousands)		QMAR (\$ in thousands)	
Garrison	Program	FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
USAG Yuma (T10)		\$ 39,425	\$ 31,643		
	BOS	\$ 29,140	\$ 23,271		
	SRM	\$ 10,285	\$ 8,372		
EURO		\$ 849,040	\$ 1,048,724		
	BOS	\$ 660,738	\$ 853,711		
	SRM	\$ 188,302	\$ 195,013		
Chievres Area 80th ASG (U04)		\$ 50,974	\$ 47,548		
	BOS	\$ 45,248	\$ 42,353		
	SRM	\$ 5,726	\$ 5,195		
Europe Region Centrally Managed Programs (115)		\$ 183,680	\$ 183,680		
	BOS		\$ 183,571		
	SRM		\$ 109		
Grafenwoehr Area 100th ASG (U06)		\$ 117,737	\$ 119,356		
	BOS	\$ 90,885	\$ 85,616		
	SRM	\$ 26,852	\$ 33,740		
Hanau Area 104th ASG (U07)		\$ 168,352	\$ 178,170		
	BOS	\$ 136,767	\$ 142,171		
	SRM	\$ 31,585	\$ 35,999		
Heidelberg Area 26th ASG (U03)		\$ 224,318	\$ 228,167		
	BOS	\$ 164,961	\$ 170,539		
	SRM	\$ 59,357	\$ 57,628		
Stuttgart Area 6th ASG (U01)		\$ 68,089	\$ 68,187		
	BOS	\$ 45,077	\$ 49,383		
	SRM	\$ 23,012	\$ 18,804		
Vicenza Area 22nd ASG (U02)		\$ 59,840	\$ 59,510		
	BOS	\$ 44,645	\$ 50,804		
	SRM	\$ 15,195	\$ 8,706		
Wuerzburg Area 98th ASG (U05)		\$ 159,730	\$ 164,106		
	BOS	\$ 133,155	\$ 129,274		
	SRM	\$ 26,575	\$ 34,832		
PARO		\$ 425,712	\$ 398,913		
	BOS	\$ 269,233	\$ 254,661		
	SRM	\$ 156,479	\$ 144,252		

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		OMA (\$ in thousands)		OMAR (\$ in thousands)	
Garrison	Program	FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
USAG Fort Greely (P01)		\$ -	\$ 5,601		
	BOS		\$ 4,541		
	SRM		\$ 1,060		
USAG Fort Richardson (P03)		\$ 183,686	\$ 182,498		
	BOS	\$ 102,512	\$ 98,553		
	SRM	\$ 61,174	\$ 83,945		
USAG Fort Shafter (P04)		\$ 210,448	\$ 155,796		
	BOS	\$ 135,267	\$ 117,691		
	SRM	\$ 75,181	\$ 38,105		
USAG Japan (P05)		\$ 51,578	\$ 55,018		
	BOS	\$ 31,454	\$ 33,876		
	SRM	\$ 20,124	\$ 21,142		
KORO		\$ 383,754	\$ 306,868		
	BOS	\$ 253,220	\$ 228,324		
	SRM	\$ 130,534	\$ 78,544		
Area I Garrison (K01)		\$ 85,665	\$ 85,665		
	BOS		\$ 61,603		
	SRM		\$ 24,062		
Area II Garrison (K02)		\$ 57,688	\$ 57,688		
	BOS		\$ 48,335		
	SRM		\$ 9,353		
Area III Garrison (K03)		\$ 38,287	\$ 38,287		
	BOS		\$ 25,772		
	SRM		\$ 7,515		
Area IV Garrison (K04)		\$ 41,210	\$ 41,210		
	BOS		\$ 29,097		
	SRM		\$ 12,113		
Korea Region Centrally Managed Programs (114)		\$ 89,018	\$ 89,018		
	BOS		\$ 63,517		
	SRM		\$ 25,501		
IMA HQ		\$ 295,537	\$ 162,825		
	BOS	\$ 290,955	\$ 162,825		
	SRM	\$ 4,582	\$ -		

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Garrison	Program	FY03 Execution	FY04 Execution	FY03 Execution	FY04 Execution
IMA TOTAL		\$ 5,804,778	\$ 5,722,317	\$ 95,799	\$ 85,799
	BOS	\$ 4,611,176	\$ 4,555,185	\$ 50,226	\$ 39,091
	SRM	\$ 1,193,602	\$ 1,167,132	\$ 45,573	\$ 46,708